REMARKS

Upon entry of this amendment, claims 1-113 will be pending of which claims 105-113 have been withdrawn from consideration. Claim 48 is amended to correct a minor grammatical error. Claim 86 is amended to correct its dependency to address the objection of claim 86 under 37 CFR § 1.75(c) as being of improper dependency. Accordingly, Applicant requests that the objection to claim 86 be withdrawn.

A. CLAIMS 1-104 ARE NOT OBVIOUS UNDER 35 U.S.C. § 103

The Office Action rejects claims 1-57 as unpatentable under 35 U.S.C. § 103(a) over U.S. Patent No. 5,206,803 to Vitagliano et al. ("the Vitagliano patent") in view of U.S. Patent No. 5,884,285 to Atkins ("the Atkins patent"), U.S. Patent No. 6,105,007 to Norris ("the Norris patent"), and Stanley Iezman "Operating Pension funds in Compliance With ERISA Procedures: How to Avoid a Department of Labor Audit: A Primer for Lawyers" ("Iezman"). Additionally, the Office Action rejects claims 58-69, 74-86, 90, 93, and 95-102 under 35 U.S.C. § 103(a) over Vitagliano in view of Norris and Iezman, claims 70-73 and 87-89 under 35 U.S.C. § 103(a) over Vitagliano in view of Norris and further in view of U.S. Patent No. 5,214,579 to Wolfberg et al. ("the Wolfberg patent"), and claims 91-92, 94, and 103-104 under 35 U.S.C. § 103(a) over Vitagliano in view of Norris and Iezman, and further in view of Atkins. These rejections are respectfully traversed and reconsideration thereof is requested.

It is noted that the rejection of claims 70-73 and 87-89 under 35 U.S.C. § 103(a) over Vitagliano in view of Norris and further in view of Wolfberg does not identify Iezman in the rejection. However, since these claims depend from either claim 58 or 75, which were rejected over the combination of Vitagliano, Norris and Iezman, it is assumed that claims 70-73 and 87-89 are rejected over Vitagliano, Norris, Iezman, and Wolfberg.

It is further noted that the rejections asserted in the Office Action are essentially the same as the rejections set forth in the prior Office Action, except that each of the rejections has added the Iezman reference.

Applicants will begin the discussion by referring to claim 58, which is rejected over Vitagliano in view of Norris and Iezman. Claim 58 calls for

at least one processor; and

a computer-readable memory operatively connected to the at least one processor, with instructions capable of performing steps comprising:

receiving information reflecting a loan request for a loan-request amount of funds made by said participant from a loan fund, wherein the loan fund is defined as a separate asset-funded account from which money is drawn for loans, wherein the loan fund is one of the plurality of investments in the benefit plan account;

verifying that said loan-request amount does not exceed a current balance of available funds in said loan fund using account information for said loan fund, said account information for said loan fund being stored by said computer system separately from account information for said benefit plan account;

initiating transfer of said amount of funds requested by said participant loan request from said loan fund if said loan-request amount has been verified to not exceed said current balance of available funds in said loan fund; and

updating said account information for said loan fund that is separately stored from account information for said benefit plan account to reflect said loan-request amount of funds transferred from said loan fund using an accounting process that computes the current balance of available funds in the loan fund based on redemptions and payments from the amount of assets in the loan fund and does not change a loan fund asset amount listed in the account information of the benefit plan account relating to the loan fund.

In the rejection of claim 58, it is asserted that Vitagliano discloses updating said account information for said loan fund that is separately stored from account information for said benefit plan account and does not change a loan fund asset amount listed in the account information of the benefit plan account relating to the loan fund ("the updating limitation"). But ***the Office Action admits that Vitagliano does not disclose that the loan fund is defined as a separate asset-funded account from which money is drawn for loans, wherein the loan fund is one of a plurality of investments in the benefit plan account ("the loan fund limitation")***. It is asserted, however, that the loan fund limitation is disclosed by Iezman. Applicants respectfully disagree with both of these assertions.

<u>None of the References Disclose a Loan Fund:</u>

As noted previously, it is admitted in the Office Action that ***Vitagliano fails to disclose or suggest the loan fund limitation***, but it is asserted that Iezman does disclose a loan fund. However, ***Iezman is directed to investments in real estate. It does not disclose a loan fund, much less a separate loan fund operated outside of the accounting umbrella of the pension fund, nor a fund from which money is drawn for loans***.

First, there is no disclosure in Iezman of making loans. Second, even if loans were disclosed (which they are not), loans do not meet the claims definition of a loan fund, which is "a separate asset-funded account from which money is drawn for loans, wherein the loan fund is one of the plurality of investments in the benefit plan account." Moreover, according to the claim this is a "benefit plan account of said participant" and "loan-requests" are received against the loan fund. None of these elements is met or even suggested by anything in Iezman.

Regarding the issue of the loan fund being a separate asset-funded account of the participant, Iezman discusses "separate" relative to "commingled" in the context of an overall pension fund and whether the pension fund should manage the real estate by itself, or whether the pension fund should add/commingle its real estate investment funds with those of third parties. This has nothing to do with creating an asset-funded account for a participant in a benefit plan account that is separate from the benefit plan account.

More specifically, in the section "Investment Policy" referenced in the rejection, Iezman discloses:

> A pension plan cannot simply decide to make a real estate investment or a stock or bond investment. Every pension plan should develop an investment policy as well as investment guidelines before it starts to invest the plan's assets. ....
>
> <u>Because investing all of a portfolio in a single or limited number of asset classes is imprudent, approved models for allocating investments require diversification among many asset classes (stocks, bonds, cash, and real estate).</u> An appropriate allocation should take into account the actuarially computed returns necessary to enable the plan to meet its funding requirements given the level of risk that it wishes to assume.
>
> <u>The asset allocation decision seeks to balance risk, duration, return objectives, and meet the expected financial goals of the pension plan. It is generally believed that the most important ingredient for the successful</u>

> performance of a pension plan is proper asset allocation, not the selection of individual investments. .... (Emphasis added.)

As shown by this disclosure, Iezman notes that it is important to invest a portfolio for a pension plan among many, diverse asset classes that balance risk and meet the financial goals of the pension plan. Iezman further discloses in the section "Choosing an Investment Vehicle":

> A pension plan must give a great deal of thought to whether the fund should invest in a commingled vehicle or create a separate account. A separate account gives the fund much greater control over the investment decisions while the commingled fund allows for broader participation in a larger, more diversified pool, but at the cost of control. The format and ownership vehicles that it utilizes for its real estate investments is also an important issue to consider. The various vehicles offer different degrees of control, liquidity, liability, decision-making and limitation on losses. Trustees must therefore carefully evaluate the benefits and detriments of all the forms of real estate ownership vehicles.: (Emphasis added.)

This description in Iezman describes the various factors that a trustee must consider when making a real estate investment for a pension plan, including degree of control, liquidity, liability, decision-making and limitation on losses, which are determined by the chosen real estate ownership vehicle. ***The issue of a separate account versus commingled funds, however, has nothing to do with whether the real estate investment is in fact separate from the overall pension fund, but rather only has to do with the structure of the real estate ownership vehicle***. The separate account being referred to in Iezman is therefore not a "loan fund" in "which money is drawn for loans," as required by Applicant's claims. Accordingly, there is no teaching that can be combined with the other prior art of record to render Applicant's claims obvious.

Moreover, as Iezman expressly states, the "separate account gives the [pension] fund much greater control over the investment decisions" with respect to the real estate while the commingled fund allows for broader participation in a larger, more diversified pool, but at the cost of control. These differences arise because the commingled fund combines money invested from the pension fund with money from other investors independent of the pension fund, whereas the separate account only uses money from the pension fund ***without*** money from other investors independent of the pension fund.

Thus, if a trustee in Iezman chooses to make a real estate investment with a separate account instead of in a commingled fund, that choice is made so that the pension fund has much greater control over investment decisions as compared to a commingled fund where control is shared among the various investors. But, that choice is not made so that the real estate investment is separate from the other assets of the pension fund because in Iezman *the status of the real estate investment with respect to the pension fund is* *<u>no different</u>* *if the investment is made* *<u>as a separate account or in a commingled fund</u>*.

Regarding the citation of Vitagliano, it is recognized that Vitagliano discloses the ability of a pension account holder to borrow money through a line of credit (LOC) established from the available credit of the holder's account, which available credit is determined by the vested portion of the account (see, e.g., column 2, line 36 – column 3, line 28 of Vitagliano). The Office Action recognizes that Vitagliano fails to disclose or suggest *a loan fund, wherein the loan fund is* *<u>defined as a separate asset-funded account from which money is drawn for loans</u>*, *wherein the loan fund is one of the plurality of investments in the benefit plan account.*

The rejection of claim 58 thus relies on the "separate account" discussed in Iezman to remedy this failure of Vitagliano. However, as discussed above, the "separate account" in Iezman is not a "loan fund" as defined in the claim and has nothing to with an investment of the pension fund being a separate asset-funded account from among a plurality of investments in the benefit plan account. Indeed, Iezman has nothing at all to do with a fund from which money is drawn for loans. The teachings in Iezman only deal with how an investment (in real estate) should be made and structured, not with whether the investment is a separate asset-funded account among a plurality of investments in a benefit plan account from which money is drawn for loans. Thus, even if combinable, (which Iezman is not, since there is a lack of motivation) Iezman fails to cure this admitted deficiency of Vitagliano. Accordingly, none of the references, alone or in combination, discloses or suggests the loan fund limitation.

<u>None of the References Disclose Use of an Accounting Process with the Loan Fund that does not Change a loan fund asset amount listed in the Account Information of the Benefit Plan Account Relating to the Loan Fund:</u>

Additionally, the limitation "*updating said account information for said loan fund that is separately stored from account information for said benefit plan account to reflect said loan-request amount of funds transferred from said loan fund using an accounting process that computes the current balance of available funds in the loan fund based on redemptions and payments from the amount of assets in the loan fund and does not change a loan fund asset amount listed in the account information of the benefit plan account relating to the loan fund*," is not disclosed or suggested by Vitagliano, Norris, Atkins, Iezman, or Wolfberg et al.

In the rejection, it is asserted that this limitation is disclosed by Vitagliano. In this regard, Vitagliano discloses at column 2, line 36 – column 3, line 11:

> In summary, the present invention accesses traditional pension plan management vehicles to establish a line of credit for participant use. In this regard, the pension plan will be one analogous to a 401(K), or 403(b), or similar account type plan constructed for the accumulation of capital assets to support future pension and/or retirement needs of the plan participant. Plans of this nature may be designed with a variety of separate embellishments. For the purposes of the discussion herein, it is assumed that the plan provides separate accounts for individual participants. Each of these accounts represent an accumulated level of capital that is invested in various financial vehicles, such as stocks, bonds or other fundable assets. (Emphasis added.)
>
> There are normally three sources of income to the various pension accounts. The first is the direct contribution by the employee, usually by payroll deduction. The second source is by employer contributions, and this may be tied or in relation to the employee contribution. The last form of contribution is the return on the existing plan capital, in the form of interest and dividends. In a negative investment environment, this income may become negative. As can be seen, the Available Capital associated with a particular plan account is a fluid value that must be continually updated. (Emphasis added.)
>
> Referring now to FIG. 1, an information flow diagram is presented starting with the pension plan, block 10. A series of pension account balances are established and updated on a periodic basis. In this regard, pension plan, block 10, and the account balances associated therewith will receive adjustments pursuant to the contributions by the employer, block 20, and the employee, block 30, as part of a regular income that may become negative. In addition, the pension plan will receive a return on an investment, including interest payments from the plan participant for accessed funds. These accumulations result in the establishment of the Available Capital (AC) for each account in the plan. The Available Capital is taken by the system monitor, block 40, and used to determine a line of credit (LOC) for each plan participant. The determination of a line of credit will be based on a measured

> fractional value of the Available Capital sufficient to ensure repayment and to meet any legal limits. (Emphasis added.)

See also column 3, lines 22-28:

> In operation, the system monitor, block 40, is linked to an individual pension plan and possibly other sources of credit, block 50. Only the vested value in the pension plan is made accessible as part of the Available Capital. This Available Capital can exist in many forms, including stocks, bonds, CDs, etc.; each of which provides a separate return to the pension plan, block 110. (Emphasis added.)

See also Vitagliano at column 3, lines 32-43 as follows:

> The plan participant is provided checks and/or a credit card for use at consumer establishments, block 100, in accordance with conventional bank card and check transaction arrangements. In this way, purchases are made by check or credit card with the ensuing purchased amount first sent to credit processing, block 70, to ensure that the amount is consistent with the available line of credit then pending; if so, the purchase is approved and the purchase price withdrawn from the pension plan as an investment (WDL). This investment by the pension plan is a loan to the plan participant at the then prevailing interest rate. (Emphasis added.)

Thus, Vitagliano discloses a single benefit plan account wherein money for a loan is not drawn from a separate fund, **but** rather is drawn from a line of credit based on the total assets for the benefit plan account, which fluctuates with the changing value of the assets in the benefit plan account. More important, the benefit plan account itself must perform the accounting processes for each loan granted or redemption paid against the total assets, which is precisely opposite to the updating limitation of claim 58 in which an accounting process computes the current balance of available funds in the loan fund based on redemptions and payments from the amount of assets in the loan fund and **does not change a loan fund asset amount listed in the account information of the benefit plan account**. In particular, Vitagliano states that it provides a line of credit (not an account that is asset-funded) that is drawn against the assets of the entire benefit plan and the line of credit changes with fluctuations in the value of all of the assets in the benefit plan.

In other words, the pension plan of Vitagliano requires that all accounting for the redemptions and payments for the loans be performed using an accounting process that operates on the assets of the entire benefits plan. Thus, the updating claim limitation:

"*updating said account information for said loan fund* *that is separately stored from account information for said benefit plan account* *to reflect said* *loan-request* *amount of funds transferred from said loan fund* *using an accounting process that computes the current balance of available funds in the loan fund based on redemptions and payments from the amount of assets in the loan fund and does not change a loan fund asset amount listed in the account information of the benefit plan account relating to the loan fund*" is clearly not met by Vitagliano.

In contrast to Vitagliano, the present invention uses a separate account process that keeps track of and processes each redemption and each payment against the separate asset(s) in the loan fund to calculate a current balance of available funds in the loan fund, but without changing the loan fund asset amount listed in the account information of the benefit plan account relating to the loan fund. This is accomplished because, as far as the loan fund asset amount listed in the account information of the benefit plan account is concerned, the value of the "loan fund" remains constant despite redemptions from and payments to the "loan fund," since its value would be the total funds in the loan funds plus the total debts due by the debtor to the loan fund. In other words, the amount of the assets listed for the loan fund in the benefit plan account remains the same in this inventive configuration regardless of the redemptions made from and payments made to the loan fund.

As discussed in the Amendment filed on January 12, 2006, Norris, Atkins, and Wolfberg all fail to disclose or suggest the updating limitation of claim 58. Iezman likewise fails to disclose or suggest it. As discussed above, Iezman discloses that that it is important to invest a portfolio for a pension plan among many, diverse asset classes that balance risk and meet the financial goals of the pension plan (see section "Investment Policy"), and describes the various factors that a trustee must consider when making a real estate investment for a pension plan, including degree of control, liquidity, liability, decision-making and limitation on losses, which are determined by the chosen real estate ownership vehicle (see section "Choosing an Investment Vehicle"). The ownership vehicle options include using a commingled fund, which combines money invested from the pension fund with money from other investors independent of the pension fund, and using an account, which uses money from the pension fund only for the real estate investment.

The guidelines or factors of Iezman used in determining in which asset to invest and which ownership vehicle to use, in no way relate to "*updating said account information for*

said loan fund <u>that is separately stored from account information for said benefit plan account</u> to reflect said <u>loan-request</u> amount of funds transferred from said loan fund <u>using an accounting process that computes the current balance of available funds in the loan fund based on redemptions and payments from the amount of assets in the loan fund and does not change a loan fund asset amount listed in the account information of the benefit plan account relating to the loan fund</u>." In fact, there is no disclosure or suggestion anywhere in Iezman with respect to how the various assets in the pension fund are accounted, and clearly there is no disclosure or suggestion of using an accounting process that computes the balance of available funds in a separate loan fund, but does not change the loan fund asset amount for the overall benefit plan. Accordingly, even if combinable (which it is not), Iezman fails to cure the deficiency of Vitagliano with respect to the updating limitation. Therefore, none of the references cited in the rejection, whether alone or in combination, discloses or suggests the updating limitation.

For all of these reasons, claim 58 is patentably distinguishable from all of the cited references, whether alone or in combination.

<u>Evidentiary Declaration of Bruce Bent II</u>

As the claims have not been amended in any substantive manner, the Declaration by Mr. Bruce Bent II continues to be highly pertinent and further consideration thereof is requested. The Bent Declaration provides evidence of multiple failed attempts in the benefits plan industry in response to customer demand to implement the '803 (Vitagliano) patent by well-funded sophisticated benefit plan operations with substantial experience in the benefits plan field, namely, BankOne, GoldK and Sungard, over a series of year beginning in the mid-1990's.

The Bent Declaration also provides evidence of commercial success for the ReservePlus^{SM} product as defined in claims 58, 75 and 105 despite the fact that the ReservePlus^{SM} product has only been offered since June 2003.

The Bent Declaration also analyzes the Vitagliano, Norris, Atkins, and Wolfberg et al. patents and draws the conclusion that the claim element of a Loan Fund that is a separate asset-funded account from which money is drawn for loans, in combination with the element of Separate Storage for Loan Fund Information, in combination with Use of an Accounting Process with the Loan Fund that does not Change a loan fund asset amount listed in the

Account Information of the Benefit Plan Account Relating to the Loan Fund is not present. Based on this analysis of the Vitagliano, Norris, Atkins and Wolfberg et al. patents and the missing claim features, and based on the evidence of multiple failures by sophisticated and well-funded heavy weights in the benefit plan administration and loan management industry to implement the '803 patented system in the face of continuing customer demand for a solution, coupled with the failure of those companies to recognize the problems that prevented the implementation of the Vitagliano '803 patent, and based on the evidence of commercial success over a very short period time for the ReservePlus^{SM} product, Mr. Bent then renders his opinion that at least claims 58, 75 and 105 are non-obvious.

In view of the arguments presented above, claims 58-113 as well as claims 1-57 should also be allowable.

Accordingly, Applicant respectfully submits that neither the Vitagliano '803 Patent, nor any of the prior art of record teach the claimed combination. For these reasons, Applicants respectfully traverse the Examiner's rejections based on 35 U.S.C. 103, and submit that the claims are in a position for allowance.

In view of the foregoing, Applicant respectfully submits that all the Examiner's objections and rejections have been addressed and that all of the claims in the present application are allowable. Accordingly, Applicant respectfully requests that the claims be reconsidered and passed to allowance.

The Examiner is invited to contact the undersigned by telephone if it is felt that a telephone interview would advance the prosecution of the present application.

Respectfully submitted,

Date May 10, 2006

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